



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

January 16, 2007
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 5 - College Student Relief Act of 2007

(Rep. Miller (D) CA and 209 cosponsors)

The Administration is committed to making college more affordable and accessible. Over the past six years, spending on Federal student aid has increased by 57 percent and funding for Pell Grants alone has risen by nearly 50 percent. In addition, last fall the Administration began awarding new Academic Competitiveness Grants and SMART Grants to Pell Grant-eligible students who have completed rigorous high school programs of study, or who are majoring in science, math, engineering, and critical foreign languages.

However, the Administration opposes H.R. 5. Reducing student loan interest rates would direct Federal subsidies to college graduates, not to students and their families who are struggling to meet current and future educational expenses. College graduates have higher lifetime earnings, and can already take advantage of flexible repayment options available under current law and reduce the effective interest rate they pay through the existing tax deduction for student loan interest.

Student debt loads have soared in recent years, and it is not clear that encouraging more loans is a wise course. Instead, the Administration would support efforts to direct savings to additional grant support for low-income students. Furthermore, encouraging more student debt can also fuel today's upward tuition spiral. While the Administration has demonstrated its strong commitment to providing grant and loan aid to help low and moderate income families pay for the rising costs of a college education, this responsibility must be shared with colleges, which also have a central role in making higher education affordable. The Administration will continue to work with Congress on a comprehensive approach to improve college access for the neediest students, in a fiscally responsible manner.

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